

CBO MEMORANDUM

ESTIMATES OF FEDERAL TAX LIABILITIES
FOR INDIVIDUALS AND FAMILIES
BY INCOME CATEGORY AND FAMILY TYPE
FOR 1995 AND 1999

May 1998

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The Congressional Budget Office (CBO) has compiled data from a number of sources to provide estimates of federal tax liabilities by income group and family type. The estimates include effective tax rates and the percentage of taxes paid by different income groups for federal income, payroll, and excise taxes, and for those taxes combined. The estimates were prepared for the House and Senate Committees on the Budget at the request of Congressman John M. Spratt, Jr., and Senator Frank R. Lautenberg, Ranking Minority Members, and for the House Committee on Ways and Means and the Senate Committee on Finance at the request of Congressman Charles B. Rangel and Senator Daniel Patrick Moynihan, Ranking Minority Members. In keeping with the mandate of the Congressional Budget Office, this memorandum contains no recommendations.

Richard Kasten, Frank Sammartino, and David Weiner of CBO's Tax Analysis Division prepared the estimates. Melissa Burman edited the manuscript, Sherry Snyder edited the tables, and Chris Spoor proofread the final copy. Simone Thomas prepared the manuscript for publication, and Laurie Brown prepared the electronic version for CBO's World Wide Web site (<http://www.cbo.gov>).

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INTRODUCTION

For several years, the Congressional Budget Office (CBO) has produced estimates of average pretax incomes, effective tax rates, and shares of taxes paid by income-related population groups at different income levels. Those estimates convey information about the current tax system and allow comparisons with tax laws in place in earlier years.

Measuring the relationship between income and taxes is complex and can be controversial. The analysis of that relationship depends on conceptual issues such as the measurement of income and taxes and the definition of the taxpaying unit. The availability of data also can have a significant effect on the practical implementation of those concepts.¹

This memorandum presents two sets of distributional estimates, displayed as figures in this section and as tables in a later section. The first set of estimates is a consistent series of historical estimates for individual income taxes from 1989 through 1996, using data from the Internal Revenue Service's Statistics of Income (SOI). Those data are based on actual income tax records and give a more accurate measure of the relationship between income and taxes. However, the SOI data have several limitations: they refer only to individual income taxes; they report taxes and incomes for filing units that only loosely correspond to families; and they measure income narrowly, including only the sources of income reported on tax forms.

The second set of estimates looks at a more comprehensive definition of both federal taxes and income and presents the results for families and individuals by certain key characteristics, such as the presence of children and the age of the householder. Those estimates are constructed by merging data from the Bureau of the Census's Current Population Survey (CPS) and the Bureau of Labor Statistics' Consumer Expenditure Survey (CEX) with data from the SOI, and by imputing or assigning information where actual observations are not given. Although 1995 is the latest year for which such estimates can be made, this memorandum projects the estimates to 1999 so that the effects of the 1997 tax legislation can be observed. CBO analysts are constructing a consistent series of historical estimates for the 1980s and 1990s using merged data sets for those years. Work is also under way to improve the inclusiveness and quality of the income and tax measures, particularly where information must be combined from several sources.

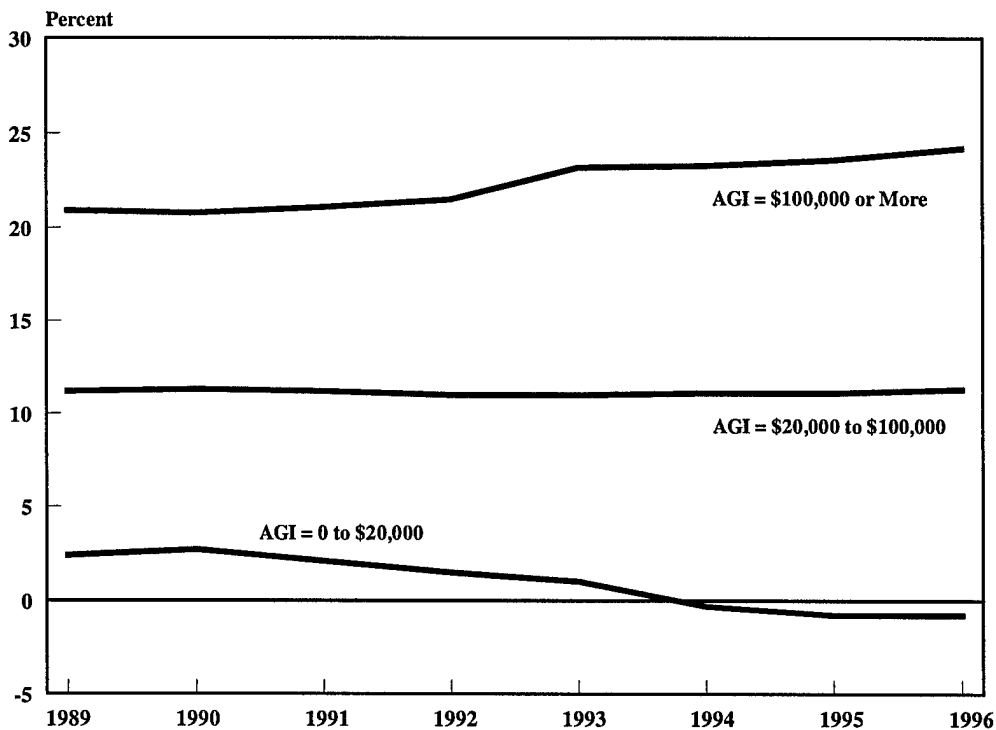
1. See, for example, Thomas A. Barthold, James R. Nunns, and Eric Toder, "A Comparison of Distribution Methodologies," in David F. Bradford, ed., *Distributional Analysis of Tax Policy* (Washington, D.C.: AEI Press, 1995).

HIGHLIGHTS OF THE ANALYSIS

Federal individual income taxes have risen as a share of income in recent years. Data tabulated from the SOI—a sample of individual income tax returns—show that individual income taxes net of refundable tax credits increased from 13 percent of adjusted gross income (AGI) in 1989 to 14 percent of AGI in 1996. Although more recent data from individual income tax returns are not available, aggregate data on federal income tax receipts suggest that the increase in income taxes as a percentage of AGI probably continued in 1997. In fiscal year 1997, federal individual income tax receipts were 9.3 percent of the country's gross domestic product, up from 8.7 percent in the previous fiscal year.

The small rise in aggregate income taxes as a percentage of AGI since 1989 reflects the restructuring of the tax system, which has become more progressive (see Figure 1). In 1989, income taxes were over 2 percent of AGI for tax filers with in-

FIGURE 1. INDIVIDUAL INCOME TAXES AS A PERCENTAGE OF ADJUSTED GROSS INCOME, FOR ALL TAX FILING UNITS, 1989-1996

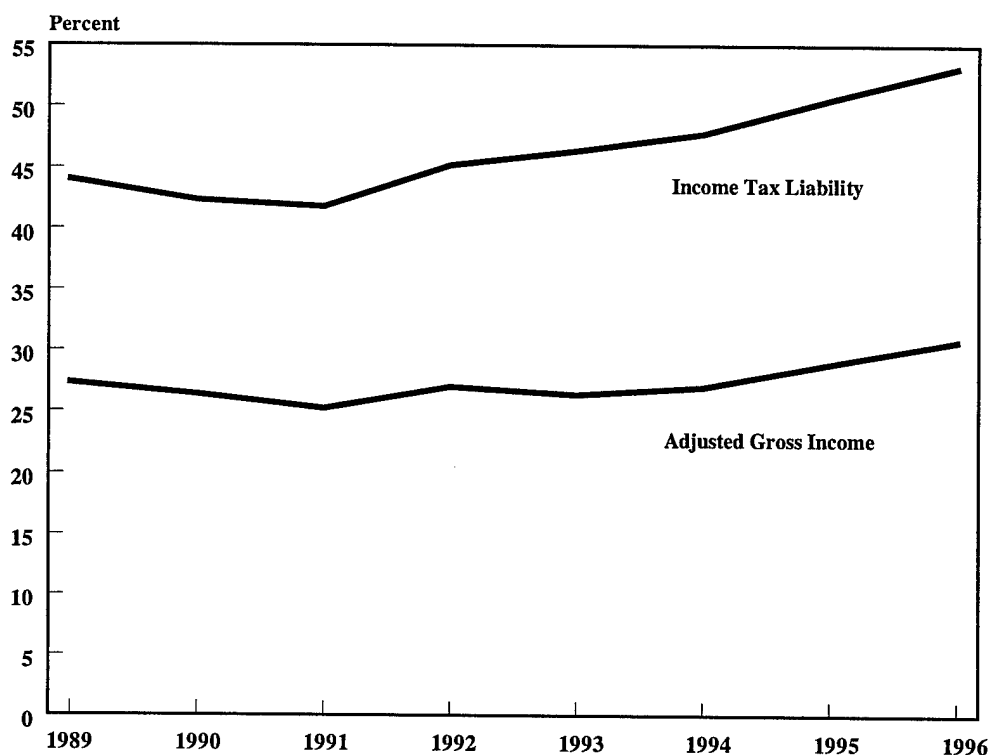


SOURCE: Congressional Budget Office.

NOTE: Categories of adjusted gross income (AGI) are in 1996 dollars. Data for 1989 through 1995 are tabulated from the Internal Revenue Service, Statistics of Income, Individual Income Tax Returns files. Data for 1996 are from Internal Revenue Service tabulations using data in the Master File System.

come below \$20,000 (measured in 1996 dollars). By 1996, tax filers in that income group were eligible for refundable tax credits that, on average, exceeded positive tax liabilities; those filers therefore received net payments from the government of about 1 percent of AGI. The change from positive income tax liabilities to receipt of refundable credits for lower-income taxpayers came about because of increases in the earned income tax credit legislated in 1990 and 1993. Income taxes as a percentage of AGI changed little for tax units with income between \$20,000 and \$100,000. In contrast, income tax liabilities rose from 21 percent to 24 percent of AGI for tax filers with income above \$100,000, in part because of tax increases enacted in 1990 and 1993. Within that group, the rise in tax liabilities relative to income was greater among filers at higher income levels.

FIGURE 2. HIGH-INCOME TAXPAYERS' SHARE OF TOTAL INCOME AND
INCOME TAX LIABILITIES, 1989-1996



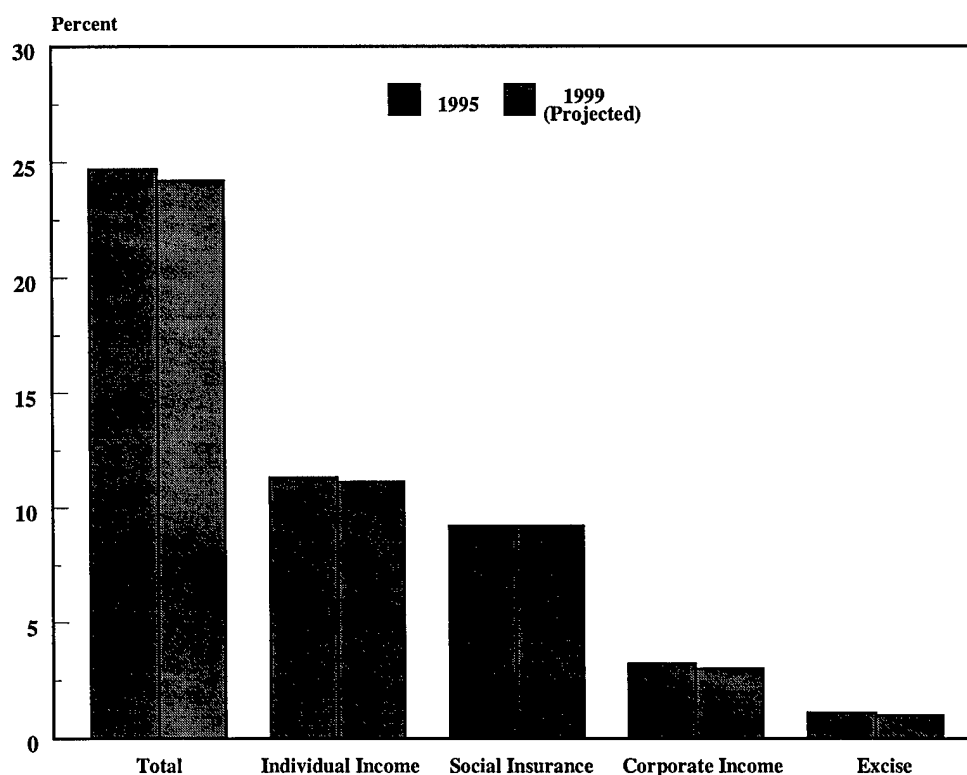
SOURCE: Congressional Budget Office.

NOTE: High-income taxpayers are defined as those with adjusted gross income of \$100,000 or more (in 1996 dollars). Data for 1989 through 1995 are tabulated from the Internal Revenue Service, Statistics of Income, Individual Income Tax Returns files. Data for 1996 are from Internal Revenue Service tabulations using data in the Master File System.

Part of the increase in the aggregate ratio of income taxes to AGI between 1989 and 1996 reflects a rise in the share of adjusted gross income attributable to higher-income taxpayers. For example, taxpayers with income of \$100,000 or more (in 1996 dollars) accounted for nearly 31 percent of total AGI in 1996, up from 27 percent in 1989. Commensurate with their higher share of income was an even higher share of income taxes. Taxpayers with income of \$100,000 or more paid 53 percent of individual income taxes in 1996, up from 44 percent in 1989 (see Figure 2).

An analysis of the merged data using a more comprehensive measure of federal taxes paid by families and individuals reveals that combined federal individual and corporate income, social insurance payroll, and excise taxes averaged almost 25 percent of total family income in 1995 (see Figure 3). Individual income taxes alone were about 11 percent of income, and payroll taxes were about 9 percent.

FIGURE 3. EFFECTIVE FEDERAL TAX RATES BY TAX SOURCE, 1995 AND 1999



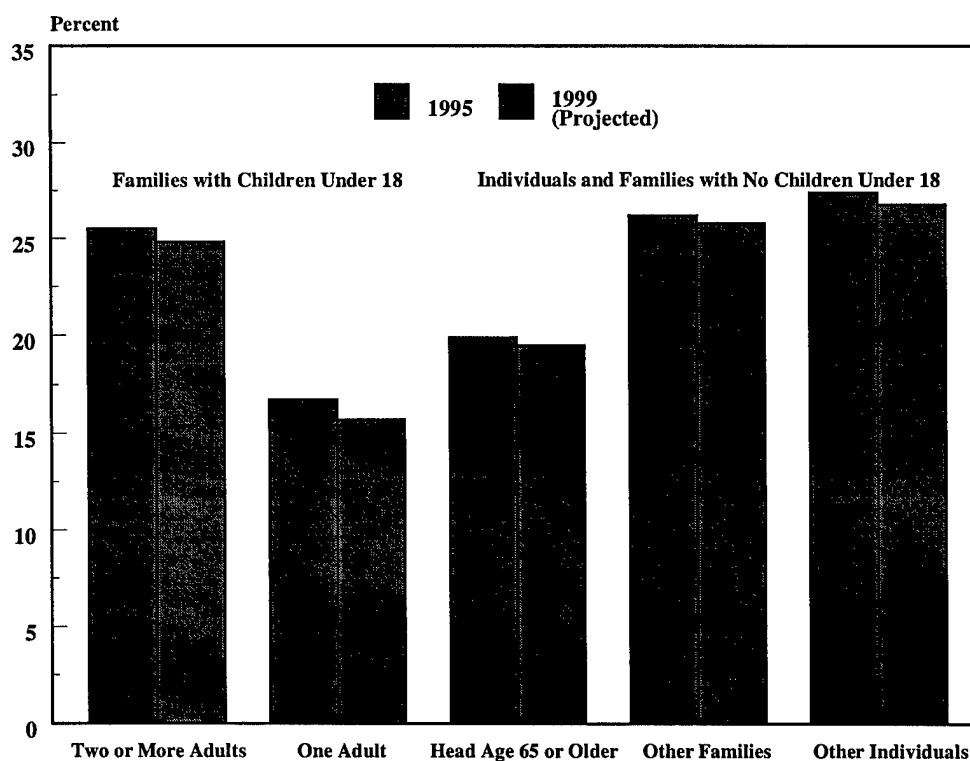
SOURCE: Congressional Budget Office.

NOTE: Based on data from the March 1996 Current Population Survey, adjusted to be consistent with Internal Revenue Service tax return data for 1995, with additional data from the 1994 and 1995 Consumer Expenditure Surveys. Data for 1999 reflect CBO's projected changes in aggregate income but assume that the distribution of income will not change.

Most families pay more in payroll taxes than in income taxes. In 1995, the employee portion of payroll taxes (including the Medicare portion of payroll taxes) exceeded income taxes for about 40 percent of families and individuals who had earnings. The combined employee and employer portion of payroll taxes exceeded income taxes for 80 percent of those families and individuals.

The latest year for which SOI data exist to construct the broader measure of family income used in this analysis is 1995. CBO's projection of that measure through 1999 shows a decline of about 0.5 percentage points in the average tax rate. However, the projection necessarily relies on extrapolating 1995 data to 1999 based on forecasts for *overall* income growth and thus does not capture any changes in the distribution of income that have occurred or might occur between 1995 and 1999. Such changes could affect the average tax rate. In fact, recent information from tax

FIGURE 4. EFFECTIVE TOTAL FEDERAL TAX RATES BY FAMILY TYPE, 1995 AND 1999



SOURCE: Congressional Budget Office.

NOTE: Based on data from the March 1996 Current Population Survey, adjusted to be consistent with Internal Revenue Service tax return data for 1995, with additional data from the 1994 and 1995 Consumer Expenditure Surveys. Data for 1999 reflect CBO's projected changes in aggregate income but assume that the distribution of income will not change.

collections suggests that the rate may be higher than projected in 1999. The projection includes the effects of tax legislation enacted in 1997, as well as some provisions enacted in 1993 that were not completely phased in by 1995.

Combined taxes as a percentage of income—the total effective tax rate—varied for different types of families (see Figure 4). For example, the effective tax rate for single-parent families with children under age 18 was about 17 percent in 1995, well below the overall average. The rate for those families was low because many of them received earned income tax credits. The effective tax rate for older families and individuals was also lower than average—about 20 percent. Most of those families and individuals were retired and, having little or no earnings, paid little in social insurance payroll taxes. Although the average effective tax rate for all types of families and individuals is projected to decline between 1995 and 1999, the largest decline is expected for families with children under age 18, primarily as a result of the child credit enacted in the Taxpayer Relief Act of 1997.

In 1995, the total effective tax rate ranged from under 10 percent for all families and individuals combined in the lowest income group to 35 percent for those in the highest group. The effective individual income tax rate ranged from negative amounts for the lowest income group to over 20 percent for the highest income group. The negative rate for families and individuals in the lowest income group occurs because they, on average, receive payments in the form of refundable tax credits rather than pay any income tax. Projected effective tax rates for 1999 are lower for all income groups as a result of the tax cuts enacted in the Taxpayer Relief Act.

DETAILED TAX TABLES

Tables 1 through 3 present data from the Internal Revenue Service's (IRS's) individual tax return files for 1989 through 1996. Because those data are based on actual returns, they give an accurate picture of the relationship between taxes and income. There are some limitations, however: only individual income taxes are included; the measure of income is that reported on tax forms, which has varied somewhat over this period; and the data include only units that file tax returns.

To expand the scope of the analysis, Tables 4 through 14 present data from CBO's merged data set, including projections to 1999. Those data represent the whole population, have a broader definition of income, and include most federal taxes. Because constructing that data set requires merging data from several sources and imputing certain tax and income components, the results reflect more analytic judgments than do the data from tax returns.

Income Tax Return Data for 1989 Through 1996

Tables 1 through 3 describe individual income taxes paid by tax-filing units. They compare the number of tax returns, adjusted gross income, and individual income tax liabilities in each year from 1989 through 1996. The data, which are displayed in the tables by AGI category and family type, come from the Internal Revenue Service, Statistics of Income, Individual Income Tax Returns files for 1989 through 1995, and from IRS tabulations of the Master File System for 1996.² The data include a relatively large sample of tax returns with oversampling of high-income returns, which makes it possible to show highly detailed information about taxpayers with very high income. The unit of analysis is all tax returns filed in that year, ranked by the reported dollar amount of their adjusted gross income, measured in constant 1996 dollars (adjusted using the consumer price index for all urban consumers).

Income in these tables is adjusted gross income as reported on tax returns. AGI includes wages and salaries, self-employment and partnership income, taxable interest, dividends, rental income, pensions, some Social Security benefits, and realized capital gains. AGI is reduced for deductible contributions to individual retirement accounts and Keoghs. Taxes are federal individual income taxes net of refundable tax credits.

Table 1 shows the number of returns and aggregate AGI and income taxes by income category. Table 2 shows the share of returns, income, and taxes in each category. Table 3 shows individual income taxes as a percentage of AGI, by income category.

2. For a complete description of these data, see Internal Revenue Service, Statistics of Income, *Individual Income Tax Returns 1995* (1997).

TABLE 1. TOTAL TAX RETURNS, ADJUSTED GROSS INCOME, AND FEDERAL
INDIVIDUAL INCOME TAXES, 1989-1996

Adjusted Gross Income (1996 dollars) ^a	1989	1990	1991	1992	1993	1994	1995	1996
Returns (Millions)								
0 to 10,000	25.7	26.5	27.3	26.7	27.3	27.4	27.9	28.4
10,000 to 20,000	22.4	22.8	23.7	23.4	23.8	24.0	24.6	25.1
20,000 to 30,000	16.8	17.2	17.1	17.0	17.4	17.7	17.7	17.8
30,000 to 50,000	21.4	21.9	21.9	21.5	21.6	21.2	21.7	21.9
50,000 to 75,000	14.3	14.1	13.7	13.8	13.6	13.9	13.9	14.5
75,000 to 100,000	5.4	5.4	5.2	5.2	5.2	5.5	5.8	5.8
100,000 to 200,000	4.0	3.8	3.8	3.9	3.8	4.0	4.4	4.6
200,000 to 500,000	0.9	0.9	0.9	0.9	0.9	1.0	1.1	1.2
500,000 to 1,000,000	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
1,000,000 or More	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
All Incomes	112.1	113.7	114.7	113.6	114.6	116.0	118.2	120.8
Adjusted Gross Income (Billions of 1996 dollars)								
0 to 10,000	125.1	129.3	134.3	133.6	136.3	138.3	138.6	141.2
10,000 to 20,000	333.7	336.8	351.3	346.1	350.5	354.3	363.7	371.3
20,000 to 30,000	415.7	424.3	422.9	419.3	429.5	438.4	436.9	439.2
30,000 to 50,000	838.9	855.6	856.2	841.3	846.0	829.9	847.4	856.9
50,000 to 75,000	868.9	858.6	833.6	834.1	826.0	844.5	847.4	878.7
75,000 to 100,000	466.1	460.0	445.8	447.5	442.6	470.3	491.5	496.9
100,000 to 200,000	517.7	492.1	487.4	501.6	497.1	520.4	573.1	599.0
200,000 to 500,000	272.0	259.9	255.2	266.8	266.4	285.6	307.6	341.0
500,000 to 1,000,000	115.6	117.3	102.7	113.7	109.5	110.9	126.9	145.4
1,000,000 or More	222.0	208.2	162.1	214.1	195.0	199.0	238.8	307.7
All Incomes	4,121.7	4,087.4	3,992.2	4,060.5	4,042.3	4,134.1	4,314.4	4,520.3
Individual Income Taxes (Billions of 1996 dollars)^b								
0 to 10,000	-0.3	-0.5	-1.6	-2.1	-3.2	-6.7	-8.2	-8.1
10,000 to 20,000	11.3	13.1	11.6	9.5	8.2	5.0	4.2	4.1
20,000 to 30,000	31.6	34.3	33.8	32.6	33.5	33.7	33.0	33.2
30,000 to 50,000	86.5	88.2	88.2	85.4	86.0	84.7	86.0	88.0
50,000 to 75,000	104.1	103.6	99.6	97.5	97.1	100.0	101.1	106.3
75,000 to 100,000	67.8	67.1	64.0	63.8	63.8	68.3	71.4	73.2
100,000 to 200,000	92.5	86.8	85.0	87.4	88.2	93.7	103.4	109.0
200,000 to 500,000	61.7	58.5	58.5	62.0	66.1	71.7	77.7	86.4
500,000 to 1,000,000	27.8	28.1	26.2	29.3	32.5	33.2	38.2	43.8
1,000,000 or More	54.1	50.4	42.5	57.4	60.5	61.9	74.9	97.7
All Incomes	537.2	529.7	507.9	522.8	532.8	545.5	581.8	633.6

SOURCE: Congressional Budget Office.

NOTE: Data for 1989 through 1995 are tabulated from the Internal Revenue Service, Statistics of Income, Individual Income Tax Returns files. Data for 1996 are from Internal Revenue Service tabulations using data in the Master File System. Returns with negative adjusted gross income are included in the "All Incomes" category.

a. Constant-dollar (1996) income levels.

b. Net of refunds from the earned income tax credit.

TABLE 2. PERCENTAGE OF TAX RETURNS, ADJUSTED GROSS INCOME, AND
FEDERAL INDIVIDUAL INCOME TAXES, 1989-1996

Adjusted Gross Income (1996 dollars) ^a	1989	1990	1991	1992	1993	1994	1995	1996
Returns (Percent)								
0 to 10,000	23	23	24	24	24	24	24	23
10,000 to 20,000	20	20	21	21	21	21	21	21
20,000 to 30,000	15	15	15	15	15	15	15	15
30,000 to 50,000	19	19	19	19	19	18	18	18
50,000 to 75,000	13	12	12	12	12	12	12	12
75,000 to 100,000	5	5	5	5	5	5	5	5
100,000 to 200,000	4	3	3	3	3	3	4	4
200,000 to 500,000	1	1	1	1	1	1	1	1
500,000 to 1,000,000	b	b	b	b	b	b	b	b
1,000,000 or More	b	b	b	b	b	b	b	b
All Incomes	100	100	100	100	100	100	100	100
Adjusted Gross Income (Percent)								
0 to 10,000	3	3	3	3	3	3	3	3
10,000 to 20,000	8	8	9	9	9	9	8	8
20,000 to 30,000	10	10	11	10	11	11	10	10
30,000 to 50,000	20	21	21	21	21	20	20	19
50,000 to 75,000	21	21	21	21	20	20	20	19
75,000 to 100,000	11	11	11	11	11	11	11	11
100,000 to 200,000	13	12	12	12	12	13	13	13
200,000 to 500,000	7	6	6	7	7	7	7	8
500,000 to 1,000,000	3	3	3	3	3	3	3	3
1,000,000 or More	5	5	4	5	5	5	6	7
All Incomes	100	100	100	100	100	100	100	100
Individual Income Taxes (Percent)^c								
0 to 10,000	d	d	d	d	-1	-1	-1	-1
10,000 to 20,000	2	2	2	2	2	1	1	1
20,000 to 30,000	6	6	7	6	6	6	6	5
30,000 to 50,000	16	17	17	16	16	16	15	14
50,000 to 75,000	19	20	20	19	18	18	17	17
75,000 to 100,000	13	13	13	12	12	13	12	12
100,000 to 200,000	17	16	17	17	17	17	18	17
200,000 to 500,000	11	11	12	12	12	13	13	14
500,000 to 1,000,000	5	5	5	6	6	6	7	7
1,000,000 or More	10	10	8	11	11	11	13	15
All Incomes	100	100	100	100	100	100	100	100

SOURCE: Congressional Budget Office.

NOTE: Data for 1989 through 1995 are tabulated from the Internal Revenue Service, Statistics of Income, Individual Income Tax Returns files. Data for 1996 are from Internal Revenue Service tabulations using data in the Master File System. Returns with negative adjusted gross income are included in the "All Incomes" category.

- a. Constant-dollar (1996) income levels.
- b. Less than 0.5 percent.
- c. Net of refunds from the earned income tax credit.
- d. Less than 0.5 percent in absolute value.

TABLE 3. FEDERAL INDIVIDUAL INCOME TAXES NET OF EITC REFUNDS AS A PERCENTAGE OF ADJUSTED GROSS INCOME, 1989-1996

Adjusted Gross Income (1996 dollars) ^a	1989	1990	1991	1992	1993	1994	1995	1996
0 to 10,000	-0.2	-0.4	-1.2	-1.5	-2.3	-4.8	-5.9	-5.8
10,000 to 20,000	3.4	3.9	3.3	2.8	2.3	1.4	1.2	1.1
20,000 to 30,000	7.6	8.1	8.0	7.8	7.8	7.7	7.5	7.6
30,000 to 50,000	10.3	10.3	10.3	10.2	10.2	10.2	10.2	10.3
50,000 to 75,000	12.0	12.1	12.0	11.7	11.8	11.8	11.9	12.1
75,000 to 100,000	14.6	14.6	14.4	14.3	14.4	14.5	14.5	14.7
100,000 to 200,000	17.9	17.6	17.4	17.4	17.7	18.0	18.0	18.2
200,000 to 500,000	22.7	22.5	22.9	23.2	24.8	25.1	25.3	25.3
500,000 to 1,000,000	24.1	23.9	25.5	25.8	29.7	30.0	30.1	30.1
1,000,000 or More	24.4	24.2	26.2	26.8	31.0	31.1	31.4	31.7
All Incomes	13.0	13.0	12.7	12.9	13.2	13.2	13.5	14.0

SOURCE: Congressional Budget Office.

NOTES: Data for 1989 through 1995 are tabulated from the Internal Revenue Service, Statistics of Income, Individual Income Tax Returns files. Data for 1996 are from Internal Revenue Service tabulations using data in the Master File System. Returns with negative adjusted gross income are included in the "All Incomes" category.

EITC = earned income tax credit.

a. Constant-dollar (1996) income levels.

Comprehensive Family Income and Tax Data for 1995 and 1999

Tables 4 through 14 present estimates of effective tax rates for total federal taxes and the percentage of those taxes paid by individuals and families, grouped by cash income and family type for 1995 and projections for 1999. In Tables 4 through 8, individuals and families are grouped into ranges of cash income. In Tables 9 through 14, they are grouped into quintiles—equal fifths of the population based on cash income.³ The estimates for 1995 are constructed by merging data from the March 1996 Current Population Survey with additional information imputed from the 1995 Statistics of Income, Individual Income Tax Returns file, and the 1994 and 1995 Consumer Expenditure Surveys.

The 1999 projections extrapolate each component of income (for example, wages and salaries) from the 1995 data using the Congressional Budget Office's January 1998 economic forecast. Those projections do not adjust for changes in the distribution of different components of income that have occurred or may occur between 1995 and 1999. The tax calculations for 1999 include changes made by the Taxpayer Relief Act of 1997. The estimates assume that deductions and adjustments to income will bear the same relationship to income as they did in 1995. That may not be true over a period in which incomes of higher-income taxpayers are rising rapidly.

In contrast to the SOI data for 1989 to 1996, the unit of analysis for the merged data is related individuals living in the same household. Individuals living apart from relatives form a one-person unit, even though they may share a residence with others. Yet units at the same income level may not be in equivalent economic circumstances because of differences in the number of children, in the number of working adults, or in age of the individual(s)—they may even face different tax schedules. Tables 4 through 8 also show estimates for five subgroups, defined by the number of adults, the presence of children under age 18, and whether the self-reported head of a unit is age 65 or older.

Tables 4 through 14 rank families and individuals by the dollar amount of the unit's income. Income is defined on a cash receipts basis and includes wages and salaries, net income from a business or farm, taxable and nontaxable interest, dividends, rental income, realized capital gains, cash transfers from the government, and retirement benefits. That definition excludes government transfer payments in kind, such as food stamps, rent subsidies, and government-sponsored Medicare or Medicaid health insurance, as well as nonmonetary payments by employers, such as health and life insurance premiums and other fringe benefits. CBO is currently

3. Some analysts prefer to group individuals and families by a measure of income that adjusts for family size. Tables A-1 through A-6 in the appendix show the results for one possible adjustment.

working on a broader measure of income that would include those benefits using values developed by the Census Bureau.

The major differences between family income and AGI are that family income includes all cash transfer payments and is measured before any federal taxes are imposed. In order to implement the concept of income before federal taxes, estimates of the employer contribution to payroll taxes for Social Security, Medicare, and federal unemployment insurance as well as federal corporate income taxes were included in family income.

Family income is measured over a single year. Income may vary from year to year. For example, income may be lower than normal because of a period of unemployment, or higher than normal because of bonuses paid by employers. Capital gains realizations are another significant source of volatility. Gains will be unusually high if an individual sells an asset that has grown for a long time or changed dramatically in value. If income was averaged over a number of years, there would be less dispersion in the distribution of both income and effective tax rates. CBO is currently developing alternative measures of annual income that would attempt to adjust for unusually high or low incomes in a single year.

Tables 4 through 14 estimate taxes as total federal liabilities for 1995 or 1999 for most revenue sources. Total federal taxes include individual and corporate income taxes; payroll taxes for Social Security, Medicare, and federal unemployment insurance; and federal excise taxes. They do not include customs duties, estate and gift taxes, and other miscellaneous receipts. The total effective tax rate is the total tax divided by total before-tax income. The effective tax rate for each separate tax is that tax divided by total before-tax income.

In this analysis, individual income taxes have been calculated for each observation in the March 1996 CPS file and allocated directly to families and individuals. The refundable portion of the earned income and the child credits are included, so income taxes may be negative. Payroll taxes are estimated for each observation and distributed to families paying those taxes directly, or indirectly through their employers. Most economists agree that the burden of payroll taxes is borne by wage earners in the form of lower wages than would otherwise be the case, and CBO uses that assumption.

Federal excise taxes are imputed, or assigned, to families according to their consumption of taxed goods and services, as reported in the Consumer Expenditure Survey. Some portion of excise taxes is assumed to fall on intermediate products and pass through to families based on their total consumption.

The corporate income tax is collected from corporations, but families and individuals ultimately bear the economic burden of it. Economists disagree, however, on whether people bear the tax as shareholders in corporations, owners of all capital assets, employees, or consumers. Based on a survey of the economic literature on that point, this analysis assumes that the burden of corporate income taxes falls on families and individuals in proportion to their realized income from capital. The analysis therefore imputes corporate taxes on that basis.

Table 4 shows average 1995 pretax income and effective tax rates for families and individuals by level of income and type of family. Table 5 shows the percentage of families and individuals in each income group and their share of income and of taxes. Tables 6 and 7 present the same information using income projected to 1999.

Table 8 shows the fraction of families and individuals, by income level, who pay more in Social Security and Medicare taxes than in individual income taxes. The comparison was done both for units that have some tax liability and for the subset of those units that have earnings. Within those groups, the income taxes are compared both with the employee share alone and the employee and employer shares combined.

TABLE 4. EFFECTIVE TAX RATES BY CASH INCOME AND FAMILY TYPE, 1995

Cash Income (Dollars)	Individuals and Families (Millions)	People (Millions)	Average Pretax Income (Dollars)	Effective Tax Rates (Percent)				
				Total	Individual Income	Social Insurance	Corporate Income	Excise
All Individuals and Families								
0 to 10,000	16.3	27.9	6,030	7.6	-3.2	6.3	0.6	3.9
10,000 to 20,000	19.3	37.5	14,900	11.6	-0.3	8.3	1.3	2.3
20,000 to 30,000	16.0	34.3	24,800	17.0	4.0	9.6	1.6	1.7
30,000 to 40,000	13.7	32.7	34,700	20.0	6.6	10.3	1.6	1.4
40,000 to 50,000	10.8	28.7	44,700	22.1	8.1	11.1	1.5	1.3
50,000 to 75,000	16.3	47.9	61,200	23.9	9.7	11.5	1.6	1.1
75,000 to 100,000	7.6	23.1	86,000	25.9	11.9	11.2	1.9	0.9
100,000 to 200,000	6.0	18.4	132,000	27.8	14.5	9.1	3.6	0.6
200,000 or More	1.8	5.1	491,000	35.3	22.5	3.5	8.9	0.3
All Incomes	109.6	258.8	45,700	24.7	11.3	9.2	3.2	1.1
Families with Children Under 18								
Two or More Adults								
0 to 10,000	1.4	5.8	6,430	1.9	-14.3	10.8	0.4	5.0
10,000 to 20,000	2.9	12.4	15,100	4.5	-9.7	11.2	0.4	2.6
20,000 to 30,000	3.4	14.4	25,200	14.7	-0.2	12.6	0.3	1.9
30,000 to 40,000	3.8	15.9	35,000	19.5	4.7	12.8	0.4	1.5
40,000 to 50,000	3.8	16.0	44,800	21.4	6.4	13.1	0.4	1.4
50,000 to 75,000	6.9	29.0	61,400	23.0	8.2	13.1	0.6	1.1
75,000 to 100,000	3.3	13.7	86,100	25.0	10.7	12.5	0.9	1.0
100,000 to 200,000	2.5	10.3	131,000	27.2	14.1	10.5	2.0	0.7
200,000 or More	0.7	3.0	523,000	35.6	23.2	3.8	8.2	0.4
All Incomes	28.8	121.1	64,100	25.5	11.4	10.6	2.4	1.0
One Adult								
0 to 10,000	2.9	8.5	5,700	-0.6	-10.3	5.9	0.1	3.7
10,000 to 20,000	2.3	6.4	14,500	2.7	-9.8	10.0	0.3	2.2
20,000 to 30,000	1.3	3.4	24,400	14.7	0.8	11.8	0.3	1.7
30,000 to 40,000	0.8	2.2	34,400	20.0	5.9	11.9	0.7	1.5
40,000 to 50,000	0.4	1.1	44,400	21.5	7.4	11.8	0.8	1.4
50,000 to 75,000	0.3	0.9	60,000	25.0	10.2	12.2	1.5	1.1
75,000 or More	0.2	0.4	187,000	30.0	19.8	5.6	4.0	0.5
All Incomes	8.4	23.4	21,400	16.7	3.8	10.0	1.2	1.7

(Continued)

TABLE 4. CONTINUED

Cash Income (Dollars)	Individuals and Families (Millions)	People (Millions)	Average Pretax Income (Dollars)	Effective Tax Rates (Percent)				
				Total	Individual Income	Social Insurance	Corporate Income	Excise
Individuals and Families with No Children Under 18 Head Age 65 or Older								
0 to 10,000	4.2	4.7	6,920	3.4	a	0.2	0.9	2.2
10,000 to 20,000	5.3	7.6	14,800	6.3	0.4	0.8	3.2	1.9
20,000 to 30,000	3.9	6.4	24,800	10.1	2.1	1.4	5.1	1.6
30,000 to 40,000	2.7	4.8	34,500	12.9	3.9	2.2	5.5	1.3
40,000 to 50,000	1.6	3.1	44,700	16.3	6.3	2.9	6.1	1.1
50,000 to 75,000	2.0	4.0	60,800	20.7	9.1	3.5	7.1	1.0
75,000 to 100,000	0.8	1.7	85,600	24.7	11.8	4.0	8.0	0.9
100,000 to 200,000	0.8	1.7	134,000	28.0	13.9	3.7	9.8	0.6
200,000 or More	0.3	0.6	485,000	33.9	16.6	1.7	15.3	0.3
All Incomes	21.9	34.9	37,500	19.9	8.5	2.4	7.9	1.0
Other Families								
0 to 10,000	0.9	1.9	6,220	13.4	-2.5	8.5	1.6	5.8
10,000 to 20,000	1.9	4.2	15,300	13.1	-0.1	9.8	0.8	2.5
20,000 to 30,000	2.2	4.9	25,200	18.0	4.2	11.0	0.9	1.9
30,000 to 40,000	2.8	6.2	35,100	20.6	6.9	11.3	0.9	1.5
40,000 to 50,000	2.9	6.5	44,900	22.4	8.4	11.8	0.9	1.4
50,000 to 75,000	5.1	12.2	61,800	24.4	10.2	12.1	1.0	1.1
75,000 to 100,000	2.7	6.8	86,200	26.5	12.4	11.9	1.3	1.0
100,000 to 200,000	2.3	6.0	131,000	28.0	14.8	10.1	2.6	0.6
200,000 or More	0.5	1.3	417,000	33.5	22.8	4.6	5.8	0.4
All Incomes	21.5	50.4	64,000	26.2	12.7	10.3	2.1	1.0
Other Individuals								
0 to 10,000	7.1	7.1	5,530	14.6	-0.3	9.6	0.6	4.8
10,000 to 20,000	6.9	6.9	14,800	21.0	6.1	11.9	0.7	2.3
20,000 to 30,000	5.2	5.2	24,500	24.0	9.1	12.6	0.6	1.7
30,000 to 40,000	3.6	3.6	34,300	25.3	10.6	12.6	0.8	1.3
40,000 to 50,000	2.0	2.0	44,400	27.6	12.7	12.6	1.2	1.2
50,000 to 75,000	1.8	1.8	59,800	29.5	14.8	12.3	1.5	1.0
75,000 to 100,000	0.6	0.6	84,400	29.9	16.3	10.5	2.2	0.9
100,000 or More	0.5	0.5	279,000	37.5	24.3	4.2	8.8	0.3
All Incomes	29.0	29.0	27,000	27.4	12.9	10.7	2.4	1.4

SOURCE: Congressional Budget Office.

NOTE: Individuals and families with negative income are included in the "All Incomes" category.

a. Less than 0.05 percent in absolute value.

TABLE 5. PERCENTAGE OF TAXES BY CASH INCOME AND FAMILY TYPE, 1995

Cash Income (Dollars)	Individuals and Families	People	Pretax Income	Taxes				
				Total	Individual Income	Social Insurance	Corporate Income	Excise
All Individuals and Families								
0 to 10,000	15	11	2	1	-1	1	a	7
10,000 to 20,000	18	14	6	3	a	5	2	11
20,000 to 30,000	15	13	8	5	3	8	4	12
30,000 to 40,000	12	13	9	8	6	11	5	12
40,000 to 50,000	10	11	10	9	7	12	5	11
50,000 to 75,000	15	18	20	19	17	25	10	19
75,000 to 100,000	7	9	13	14	14	16	8	11
100,000 to 200,000	5	7	16	18	20	16	18	9
200,000 or More	2	2	17	24	34	7	48	5
All Incomes	100	100	100	100	100	100	100	100
Families with Children Under 18								
Two or More Adults								
0 to 10,000	5	5	a	a	-1	a	a	2
10,000 to 20,000	10	10	2	a	-2	2	a	6
20,000 to 30,000	12	12	5	3	a	6	1	9
30,000 to 40,000	13	13	7	6	3	9	1	11
40,000 to 50,000	13	13	9	8	5	12	2	13
50,000 to 75,000	24	24	23	21	17	29	6	25
75,000 to 100,000	11	11	15	15	14	18	5	14
100,000 to 200,000	9	8	17	19	21	17	14	12
200,000 or More	3	3	21	29	42	7	71	8
All Incomes	100	100	100	100	100	100	100	100
One Adult								
0 to 10,000	34	36	9	a	-24	5	1	20
10,000 to 20,000	27	27	18	3	-47	18	5	24
20,000 to 30,000	15	15	17	15	4	21	5	18
30,000 to 40,000	10	9	16	19	25	19	9	15
40,000 to 50,000	5	5	11	14	21	13	7	9
50,000 to 75,000	4	4	11	17	30	14	14	7
75,000 or More	2	2	18	32	91	10	58	6
All Incomes	100	100	100	100	100	100	100	100

(Continued)

TABLE 5. CONTINUED

Cash Income (Dollars)	Individuals		Pretax Income	Taxes				
	and Families	People		Total	Individual Income	Social Insurance	Corporate Income	Excise
Individuals and Families with No Children Under 18								
Head Age 65 or Older								
0 to 10,000	19	14	4	1	a	a	a	8
10,000 to 20,000	24	22	10	3	a	3	4	18
20,000 to 30,000	18	18	12	6	3	7	8	18
30,000 to 40,000	12	14	11	7	5	10	8	14
40,000 to 50,000	7	9	9	7	6	10	7	10
50,000 to 75,000	9	11	15	16	16	22	14	14
75,000 to 100,000	4	5	9	11	12	15	9	8
100,000 to 200,000	4	5	13	19	22	20	17	7
200,000 or More	1	2	18	30	35	13	34	4
All Incomes	100	100	100	100	100	100	100	100
Other Families								
0 to 10,000	4	4	a	a	a	a	a	2
10,000 to 20,000	9	8	2	1	a	2	1	5
20,000 to 30,000	10	10	4	3	1	4	2	7
30,000 to 40,000	13	12	7	6	4	8	3	10
40,000 to 50,000	13	13	9	8	6	11	4	13
50,000 to 75,000	24	24	23	21	19	27	11	24
75,000 to 100,000	13	14	17	17	17	20	10	16
100,000 to 200,000	11	12	22	23	25	21	27	13
200,000 or More	2	3	16	20	28	7	43	6
All Incomes	100	100	100	100	100	100	100	100
Other Individuals								
0 to 10,000	24	24	5	3	a	4	1	17
10,000 to 20,000	24	24	13	10	6	15	4	22
20,000 to 30,000	18	18	16	14	11	19	4	20
30,000 to 40,000	12	12	16	14	13	18	5	14
40,000 to 50,000	7	7	11	12	11	13	6	9
50,000 to 75,000	6	6	14	15	16	16	9	9
75,000 to 100,000	2	2	7	7	9	7	6	4
100,000 or More	2	2	18	25	34	7	65	3
All Incomes	100	100	100	100	100	100	100	100

SOURCE: Congressional Budget Office.

NOTE: Individuals and families with negative income are included in the "All Incomes" category.

a. Less than 0.5 percent in absolute value.

TABLE 6. EFFECTIVE TAX RATES BY CASH INCOME AND FAMILY TYPE, PROJECTIONS FOR 1999

Cash Income (Dollars)	Individuals and Families (Millions)	People (Millions)	Average Pretax Income (Dollars)	Effective Tax Rates (Percent)				
				Total	Individual Income	Social Insurance	Corporate Income	Excise
All Individuals and Families								
0 to 10,000	14.5	24.5	6,070	6.4	-4.1	6.0	0.6	3.8
10,000 to 20,000	17.8	33.4	14,800	9.5	-1.9	8.0	1.2	2.2
20,000 to 30,000	16.1	32.3	24,900	15.4	2.6	9.6	1.5	1.7
30,000 to 40,000	13.3	29.8	34,900	17.8	4.9	9.9	1.6	1.4
40,000 to 50,000	11.4	28.5	44,800	20.5	6.9	11.0	1.3	1.2
50,000 to 75,000	18.7	51.8	61,300	22.4	8.4	11.5	1.5	1.1
75,000 to 100,000	10.4	31.0	86,300	24.6	10.5	11.6	1.7	0.9
100,000 to 200,000	9.8	30.1	132,000	26.7	13.4	10.0	2.6	0.7
200,000 or More	2.8	8.1	487,000	33.0	21.0	3.9	7.7	0.3
All Incomes	116.8	272.7	54,700	24.2	11.1	9.2	3.0	1.0
Families with Children Under 18								
Two or More Adults								
0 to 10,000	1.1	4.6	6,270	-1.2	-17.0	10.4	0.3	5.1
10,000 to 20,000	2.4	10.3	15,000	a	-14.0	11.1	0.4	2.5
20,000 to 30,000	2.8	11.9	25,300	9.8	-4.9	12.6	0.3	1.9
30,000 to 40,000	3.1	13.1	35,100	15.3	0.8	12.7	0.4	1.5
40,000 to 50,000	3.4	14.4	45,100	18.5	3.7	13.1	0.3	1.4
50,000 to 75,000	7.2	29.8	62,000	20.8	6.0	13.3	0.5	1.1
75,000 to 100,000	4.4	18.2	86,300	23.4	8.6	13.1	0.7	0.9
100,000 to 200,000	4.1	17.0	131,000	26.0	12.5	11.4	1.3	0.7
200,000 or More	1.1	4.6	530,000	34.3	22.9	4.2	6.9	0.4
All Incomes	29.6	124.5	77,600	24.8	11.1	10.5	2.3	0.9
One Adult								
0 to 10,000	2.6	7.8	5,600	-3.3	-12.8	5.8	0.1	3.5
10,000 to 20,000	2.2	6.2	14,600	-1.7	-14.1	10.0	0.2	2.1
20,000 to 30,000	1.5	4.0	24,800	10.2	-3.7	12.0	0.3	1.6
30,000 to 40,000	0.9	2.3	34,800	16.5	2.8	11.8	0.4	1.5
40,000 to 50,000	0.6	1.7	44,500	19.7	5.6	12.3	0.5	1.3
50,000 to 75,000	0.6	1.4	59,400	22.3	7.8	12.3	1.1	1.1
75,000 or More	0.3	0.8	169,000	27.8	17.1	6.7	3.5	0.6
All Incomes	8.9	24.7	25,700	15.7	2.8	10.2	1.2	1.5

(Continued)

TABLE 6. CONTINUED

Cash Income (Dollars)	Individuals and Families (Millions)	People (Millions)	Average Pretax Income (Dollars)	Effective Tax Rates (Percent)				
				Total	Individual Income	Social Insurance	Corporate Income	Excise
Individuals and Families with No Children Under 18 Head Age 65 or Older								
0 to 10,000	3.6	4.0	7,240	3.0	a	0.2	0.8	2.1
10,000 to 20,000	5.0	6.9	14,800	5.3	0.2	0.7	2.6	1.8
20,000 to 30,000	3.8	6.0	24,800	9.3	1.7	1.3	4.7	1.6
30,000 to 40,000	3.0	5.2	34,800	11.3	3.1	1.9	5.0	1.3
40,000 to 50,000	1.8	3.3	44,600	14.6	5.5	2.7	5.3	1.1
50,000 to 75,000	2.4	4.7	60,600	18.5	8.2	3.3	6.0	1.0
75,000 to 100,000	1.1	2.3	85,900	23.3	10.9	3.8	7.7	0.9
100,000 to 200,000	1.1	2.4	134,000	26.2	13.3	3.9	8.4	0.6
200,000 or More	0.5	0.9	467,000	30.6	14.8	2.0	13.5	0.3
All Incomes	22.5	35.9	44,100	19.5	8.5	2.5	7.5	0.9
Other Families								
0 to 10,000	0.7	1.6	6,170	13.5	-3.2	8.5	2.1	6.2
10,000 to 20,000	1.6	3.4	15,000	11.2	-1.1	9.0	0.8	2.6
20,000 to 30,000	2.0	4.4	24,900	16.2	2.7	10.7	0.9	1.9
30,000 to 40,000	2.3	5.2	35,000	19.0	5.5	11.1	0.9	1.5
40,000 to 50,000	2.8	6.2	45,000	21.0	7.3	11.6	0.8	1.3
50,000 to 75,000	5.5	12.7	61,700	22.9	8.9	12.1	0.9	1.1
75,000 to 100,000	3.7	9.1	86,300	25.1	11.1	12.1	1.0	0.9
100,000 to 200,000	3.8	9.9	132,000	27.1	13.7	10.9	1.9	0.7
200,000 or More	0.9	2.2	407,000	31.7	21.1	5.1	5.2	0.4
All Incomes	23.6	55.3	76,400	25.8	12.6	10.3	2.0	0.9
Other Individuals								
0 to 10,000	6.5	6.5	5,580	13.2	-1.0	9.1	0.6	4.6
10,000 to 20,000	6.7	6.7	14,700	19.5	4.7	11.6	0.7	2.4
20,000 to 30,000	6.0	6.0	24,900	23.1	8.4	12.5	0.6	1.6
30,000 to 40,000	3.9	3.9	34,700	24.4	9.7	12.8	0.6	1.3
40,000 to 50,000	2.8	2.8	44,500	26.4	11.6	12.9	0.9	1.1
50,000 to 75,000	3.0	3.0	60,000	28.6	13.7	12.5	1.4	1.0
75,000 to 100,000	1.0	1.0	86,800	29.5	15.5	11.7	1.5	0.9
100,000 or More	0.9	0.9	271,000	32.8	20.3	4.7	7.5	0.3
All Incomes	32.1	32.1	33,100	26.8	12.6	10.5	2.5	1.2

SOURCE: Congressional Budget Office.

NOTE: Estimates for 1999 are based on 1995 data projected using CBO's January 1998 economic forecast. Individuals and families with negative income are included in the "All Incomes" category.

a. Less than 0.05 percent in absolute value.

TABLE 7. PERCENTAGE OF TAXES BY CASH INCOME AND FAMILY TYPE, PROJECTIONS FOR 1999

Cash Income (Dollars)	Individuals and Families	People	Pretax Income	Taxes				
				Total	Individual Income	Social Insurance	Corporate Income	Excise
All Individuals and Families								
0 to 10,000	12	9	1	a	-1	1	a	5
10,000 to 20,000	15	12	4	2	-1	4	2	9
20,000 to 30,000	14	12	6	4	1	7	3	11
30,000 to 40,000	11	11	7	5	3	8	4	10
40,000 to 50,000	10	10	8	7	5	10	4	10
50,000 to 75,000	16	19	18	17	14	22	9	19
75,000 to 100,000	9	11	14	14	13	18	8	13
100,000 to 200,000	8	11	20	22	24	22	17	14
200,000 or More	2	3	21	29	40	9	54	7
All Incomes	100	100	100	100	100	100	100	100
Families with Children Under 18								
Two or More Adults								
0 to 10,000	4	4	a	a	a	a	a	2
10,000 to 20,000	8	8	2	a	-2	2	a	4
20,000 to 30,000	10	10	3	1	-1	4	a	6
30,000 to 40,000	11	11	5	3	0	6	1	8
40,000 to 50,000	12	12	7	5	2	8	1	10
50,000 to 75,000	24	24	19	16	10	24	4	23
75,000 to 100,000	15	15	16	15	13	21	5	17
100,000 to 200,000	14	14	23	24	26	25	13	19
200,000 or More	4	4	25	35	52	10	76	10
All Incomes	100	100	100	100	100	100	100	100
One Adult								
0 to 10,000	29	32	6	-1	-29	4	1	15
10,000 to 20,000	25	25	14	-2	-70	14	3	20
20,000 to 30,000	17	16	16	10	-21	19	4	17
30,000 to 40,000	10	9	13	14	13	16	5	13
40,000 to 50,000	7	7	13	16	25	15	5	11
50,000 to 75,000	6	6	15	21	40	18	13	11
75,000 or More	4	3	23	41	142	15	68	9
All Incomes	100	100	100	100	100	100	100	100

(Continued)

TABLE 7. CONTINUED

Cash Income (Dollars)	Individuals and Families	People	Pretax Income	Taxes				
				Total	Individual Income	Social Insurance	Corporate Income	Excise
Individuals and Families with No Children Under 18								
Head Age 65 or Older								
0 to 10,000	16	11	3	a	a	a	a	6
10,000 to 20,000	22	19	7	2	a	2	3	14
20,000 to 30,000	17	17	10	5	2	5	6	16
30,000 to 40,000	13	15	10	6	4	8	7	14
40,000 to 50,000	8	9	8	6	5	8	6	9
50,000 to 75,000	11	13	15	14	14	20	12	15
75,000 to 100,000	5	6	10	12	13	15	10	9
100,000 to 200,000	5	7	15	20	24	24	17	10
200,000 or More	2	3	22	35	39	18	40	6
All Incomes	100	100	100	100	100	100	100	100
Other Families								
0 to 10,000	3	3	a	a	a	a	a	2
10,000 to 20,000	7	6	1	1	a	1	1	4
20,000 to 30,000	8	8	3	2	1	3	1	6
30,000 to 40,000	10	9	5	3	2	5	2	7
40,000 to 50,000	12	11	7	6	4	8	3	10
50,000 to 75,000	23	23	19	17	13	22	8	22
75,000 to 100,000	16	17	18	17	16	21	9	18
100,000 to 200,000	16	18	28	30	31	30	26	21
200,000 or More	4	4	20	25	33	10	51	8
All Incomes	100	100	100	100	100	100	100	100
Other Individuals								
0 to 10,000	20	20	3	2	a	3	1	13
10,000 to 20,000	21	21	9	7	3	10	3	18
20,000 to 30,000	19	19	14	12	9	17	3	19
30,000 to 40,000	12	12	13	12	10	16	3	13
40,000 to 50,000	9	9	12	12	11	15	4	11
50,000 to 75,000	9	9	17	18	19	20	10	13
75,000 to 100,000	3	3	8	9	10	9	5	6
100,000 or More	3	3	23	28	38	10	71	6
All Incomes	100	100	100	100	100	100	100	100

SOURCE: Congressional Budget Office.

NOTE: Estimates for 1999 are based on 1995 data projected using CBO's January 1998 economic forecast. Individuals and families with negative income are included in the "All Incomes" category.

a. Less than 0.5 percent in absolute value.

TABLE 8. PERCENTAGE OF INDIVIDUALS AND FAMILIES WHOSE PAYROLL TAXES EXCEED THEIR INCOME TAXES, BY CASH INCOME, 1995 AND 1999

Cash Income (Dollars)	Individuals and Families Who Pay Income or Payroll Tax		Individuals and Families Who Pay Some Payroll Tax	
	Employee Share Only	Employee and Employer Share	Employee Share Only	Employee and Employer Share
1995				
0 to 10,000	99	99	99	100
10,000 to 20,000	69	91	74	97
20,000 to 30,000	46	81	53	94
30,000 to 40,000	34	78	39	89
40,000 to 50,000	25	74	28	82
50,000 to 75,000	14	71	15	76
75,000 to 100,000	6	52	7	55
100,000 to 200,000	3	20	3	21
200,000 or More	3	4	3	4
All Incomes	38	73	41	80
Projections for 1999				
0 to 10,000	99	99	99	100
10,000 to 20,000	80	94	84	98
20,000 to 30,000	48	82	56	95
30,000 to 40,000	43	80	49	92
40,000 to 50,000	38	78	42	88
50,000 to 75,000	30	73	33	79
75,000 to 100,000	15	66	16	70
100,000 to 200,000	5	34	6	36
200,000 or More	3	4	3	4
All Incomes	42	74	45	80

SOURCE: Congressional Budget Office.

NOTES: Payroll taxes include those for Social Security (Old-Age, Survivors, and Disability Insurance) and Medicare (Hospital Insurance).

Estimates for 1999 are based on 1995 data projected using CBO's January 1998 economic forecast. Individuals and families with negative income are included in the "All Incomes" category.

Quintiles of Cash Income

Tables 9 through 13 repeat the information in Tables 4 through 8 but show families by quintile rather than dollar-income category. Using quintiles allows analysts to compare tax rates in different years when inflation and real income growth move families into higher categories of income over time.

Table 9 shows effective tax rates in 1995, and Table 10 shows the share of income and taxes of each quintile. The same information for 1999 appears in Tables 11 and 12. Table 13 compares individual income taxes and payroll taxes in both years. Table 14 shows the maximum income in each quintile and for income groups within the highest quintile.

TABLE 9. EFFECTIVE TAX RATES BY QUINTILES OF CASH INCOME AND FAMILY TYPE, 1995

Cash Income	Individuals and Families (Millions)	People (Millions)	Average Pretax Income (Dollars)	Effective Tax Rates (Percent)				
				Total	Individual Income	Social Insurance	Corporate Income	Excise
All Individuals and Families								
Lowest	27.1	48.5	8,620	8.8	-2.4	7.2	0.9	3.1
Second	24.8	51.6	22,400	16.0	3.2	9.3	1.6	1.8
Middle	21.0	52.0	37,700	20.8	7.2	10.6	1.5	1.4
Fourth	17.8	51.8	57,600	23.5	9.4	11.5	1.6	1.1
Highest	17.0	51.8	142,000	29.8	16.5	7.8	4.9	0.6
All Quintiles	109.6	258.8	45,700	24.7	11.3	9.2	3.2	1.1
Top Quintile (Percent)								
Top 10	8.5	25.9	203,000	31.5	18.4	6.4	6.2	0.5
Top 5	4.3	12.9	291,000	33.1	20.3	5.0	7.5	0.4
Top 1	0.9	2.6	740,000	36.7	23.8	2.7	9.9	0.3
81 to 90	8.6	25.9	82,300	25.7	11.7	11.1	1.9	1.0
91 to 95	4.1	12.9	110,000	27.0	13.3	10.3	2.6	0.9
96 to 99	3.4	10.4	175,000	29.3	16.4	7.5	4.9	0.4
Families with Children Under 18								
Two or More Adults								
Lowest	2.9	12.4	9,760	1.8	-13.1	10.9	0.4	3.6
Second	4.8	20.4	23,100	13.0	-1.6	12.4	0.3	2.0
Middle	6.4	26.6	38,400	20.2	5.4	12.9	0.4	1.5
Fourth	7.4	31.1	58,100	22.8	7.9	13.2	0.6	1.2
Highest	7.2	29.9	145,000	29.5	16.3	8.7	3.9	0.7
All Quintiles	28.8	121.1	64,100	25.5	11.4	10.6	2.4	1.0
One Adult								
Lowest	4.3	12.4	7,930	-0.4	-11.4	7.8	0.2	3.0
Second	2.2	5.9	21,700	11.9	-1.6	11.4	0.4	1.8
Middle	1.1	2.9	36,800	20.6	6.3	11.9	0.8	1.5
Fourth	0.4	1.1	55,900	23.9	9.5	12.0	1.1	1.2
Highest	0.2	0.5	174,000	29.8	19.4	5.9	4.0	0.5
All Quintiles	8.4	23.4	21,400	16.7	3.8	10.0	1.2	1.7

(Continued)

TABLE 9. CONTINUED

Cash Income	Individuals and Families (Millions)	People (Millions)	Average Pretax Income (Dollars)	Effective Tax Rates (Percent)				
				Total	Individual Income	Social Insurance	Corporate Income	Excise
Individuals and Families with No Children Under 18								
<i>Head Age 65 or Older</i>								
Lowest	7.2	8.9	9,290	4.3	a	0.5	1.7	2.1
Second	6.3	9.8	22,200	9.4	1.7	1.3	4.7	1.6
Middle	3.7	6.9	37,100	14.1	4.7	2.4	5.7	1.2
Fourth	2.3	4.5	56,700	19.5	8.4	3.5	6.6	1.0
Highest	2.2	4.5	157,000	29.6	14.4	2.9	11.7	0.5
All Quintiles	21.9	34.9	37,500	19.9	8.5	2.4	7.9	1.0
<i>Other Families</i>								
Lowest	1.8	3.9	9,440	11.8	-1.8	8.7	1.0	3.9
Second	3.2	7.1	23,000	17.2	3.5	10.9	0.9	2.0
Middle	4.7	10.5	38,400	21.3	7.5	11.5	0.8	1.5
Fourth	5.5	12.8	58,200	24.0	9.8	12.1	1.0	1.1
Highest	6.2	15.6	130,000	28.9	16.0	9.2	3.0	0.7
All Quintiles	21.5	50.4	64,000	26.2	12.7	10.3	2.1	1.0
<i>Other Individuals</i>								
Lowest	10.9	10.9	8,020	17.5	2.5	10.7	0.6	3.6
Second	8.3	8.3	22,100	23.4	8.6	12.5	0.7	1.8
Middle	5.0	5.0	36,900	26.1	11.3	12.7	0.8	1.2
Fourth	2.2	2.2	56,000	29.1	14.3	12.3	1.5	1.0
Highest	1.3	1.3	160,000	35.1	21.8	6.2	6.7	0.5
All Quintiles	29.0	29.0	27,000	27.4	12.9	10.7	2.4	1.4

SOURCE: Congressional Budget Office.

NOTE: Individuals and families with negative income are excluded from the lowest quintile but are included in the "All Quintiles" category.

a. Less than 0.05 percent in absolute value.

TABLE 10. PERCENTAGE OF TAXES BY QUINTILES OF CASH INCOME AND FAMILY TYPE, 1995

Cash Income	Individuals and Families	People	Pretax Income	Taxes				
				Total	Individual Income	Social Insurance	Corporate Income	Excise
All Individuals and Families								
Lowest	25	19	5	2	-1	4	1	13
Second	23	20	11	7	3	11	6	18
Middle	19	20	16	13	10	18	8	20
Fourth	16	20	21	20	17	26	10	20
Highest	16	20	48	58	71	41	75	27
All Quintiles	100	100	100	100	100	100	100	100
Top Quintile (Percent)								
Top 10	8	10	34	44	56	24	67	15
Top 5	4	5	25	34	45	14	59	8
Top 1	1	1	13	20	28	4	41	4
81 to 90	8	10	14	15	15	17	9	12
91 to 95	4	5	9	10	11	10	7	7
96 to 99	3	4	12	14	18	10	18	5
Families with Children Under 18								
Two or More Adults								
Lowest	10	10	2	a	-2	2	a	5
Second	17	17	6	3	-1	7	1	12
Middle	22	22	13	11	6	16	2	19
Fourth	26	26	23	21	16	29	6	26
Highest	25	25	56	65	80	46	91	37
All Quintiles	100	100	100	100	100	100	100	100
One Adult								
Lowest	51	53	19	a	-56	15	3	33
Second	26	25	26	19	-11	30	8	28
Middle	13	12	23	28	38	27	14	20
Fourth	5	5	14	20	34	17	13	10
Highest	2	2	19	33	95	11	61	6
All Quintiles	100	100	100	100	100	100	100	100

(Continued)

TABLE 10. CONTINUED

Cash Income	Individuals and Families	People	Pretax Income	Taxes				
				Total	Individual Income	Social Insurance	Corporate Income	Excise
Individuals and Families with No Children Under 18 Head Age 65 or Older								
Lowest	33	26	8	2	a	2	2	16
Second	29	28	17	8	3	9	10	27
Middle	17	20	17	12	9	17	12	20
Fourth	11	13	16	16	16	23	13	15
Highest	10	13	42	63	71	50	62	21
All Quintiles	100	100	100	100	100	100	100	100
Other Families								
Lowest	8	8	1	1	a	1	1	5
Second	15	14	5	4	1	6	2	10
Middle	22	21	13	11	8	15	5	19
Fourth	25	25	23	21	18	27	11	25
Highest	29	31	58	64	73	52	81	38
All Quintiles	100	100	100	100	100	100	100	100
Other Individuals								
Lowest	38	38	11	7	2	11	3	29
Second	29	29	23	20	15	27	6	29
Middle	17	17	24	22	21	28	8	21
Fourth	8	8	16	17	17	18	10	11
Highest	4	4	26	34	44	15	72	9
All Quintiles	100	100	100	100	100	100	100	100

SOURCE: Congressional Budget Office.

NOTE: Individuals and families with negative income are excluded from the lowest quintile but are included in the "All Quintiles" category.

a. Less than 0.5 percent in absolute value.

TABLE 11. EFFECTIVE TAX RATES BY QUINTILES OF CASH INCOME AND FAMILY TYPE,
PROJECTIONS FOR 1999

Cash Income	Individuals and Families (Millions)	People (Millions)	Average Pretax Income (Dollars)	Effective Tax Rates (Percent)				
				Total	Individual Income	Social Insurance	Corporate Income	Excise
All Individuals and Families								
Lowest	28.7	51.1	9,880	8.0	-3.0	7.3	0.9	2.8
Second	26.7	54.7	26,100	15.6	2.9	9.5	1.6	1.6
Middle	22.3	54.6	44,300	20.3	6.8	10.9	1.4	1.2
Fourth	19.0	54.5	68,200	23.1	8.9	11.6	1.5	1.0
Highest	18.1	54.5	174,000	29.1	16.3	7.6	4.6	0.6
All Quintiles	116.8	272.7	54,700	24.2	11.1	9.2	3.0	1.0
Top Quintile								
(Percent)								
Top 10	9.0	27.3	251,000	30.6	18.2	6.2	5.8	0.5
Top 5	4.7	13.6	361,000	32.0	19.9	4.8	6.9	0.3
Top 1	0.9	2.7	936,000	34.4	22.6	2.7	8.9	0.3
81 to 90	9.1	27.3	98,000	25.3	11.3	11.3	1.8	0.9
91 to 95	4.3	13.6	133,000	26.7	13.2	10.2	2.5	0.8
96 to 99	3.7	10.9	217,000	29.3	17.0	7.1	4.8	0.3
Families with Children Under 18								
Two or More Adults								
Lowest	2.9	12.7	11,200	-1.3	-15.6	10.8	0.4	3.2
Second	4.9	20.8	27,000	11.0	-3.6	12.5	0.3	1.8
Middle	6.5	27.3	45,100	18.4	3.6	13.1	0.4	1.4
Fourth	7.7	32.2	68,700	21.5	6.7	13.3	0.5	1.0
Highest	7.4	31.0	178,000	29.3	16.6	8.5	3.7	0.6
All Quintiles	29.6	124.5	77,600	24.8	11.1	10.5	2.3	0.9
One Adult								
Lowest	4.4	12.9	8,830	-3.3	-14.4	8.2	0.2	2.7
Second	2.4	6.4	25,200	10.4	-3.2	11.7	0.3	1.6
Middle	1.2	3.2	43,200	19.5	5.3	12.2	0.6	1.4
Fourth	0.5	1.3	66,100	23.2	8.7	12.4	1.1	1.0
Highest	0.2	0.5	212,000	28.4	18.3	5.7	3.9	0.5
All Quintiles	8.9	24.7	25,700	15.7	2.8	10.2	1.2	1.5

(Continued)

TABLE 11. CONTINUED

Cash Income	Individuals and Families (Millions)	People (Millions)	Average Pretax Income (Dollars)	Effective Tax Rates (Percent)				
				Total	Individual Income	Social Insurance	Corporate Income	Excise
Individuals and Families with No Children Under 18 Head Age 65 or Older								
Lowest	7.6	9.5	10,700	4.2	a	0.5	1.8	1.9
Second	6.5	10.3	26,000	9.4	1.8	1.3	4.7	1.5
Middle	3.7	6.9	43,700	14.4	5.3	2.6	5.3	1.1
Fourth	2.3	4.5	67,600	20.2	9.2	3.5	6.6	0.9
Highest	2.2	4.5	194,000	28.1	13.8	2.9	10.9	0.5
All Quintiles	22.5	35.9	44,100	19.5	8.5	2.5	7.5	0.9
Other Families								
Lowest	1.9	4.2	10,900	11.0	-2.0	8.5	1.0	3.5
Second	3.6	7.9	26,900	16.9	3.4	10.8	1.0	1.7
Middle	5.2	11.5	45,200	21.0	7.3	11.6	0.8	1.3
Fourth	6.0	14.1	68,800	23.7	9.6	12.2	0.9	1.0
Highest	6.7	17.1	156,000	28.4	15.8	9.1	2.9	0.6
All Quintiles	23.6	55.3	76,400	25.8	12.6	10.3	2.0	0.9
Other Individuals								
Lowest	11.8	11.8	9,220	17.1	2.4	10.7	0.7	3.3
Second	9.3	9.3	25,700	23.2	8.5	12.6	0.6	1.6
Middle	5.7	5.7	43,400	26.2	11.4	12.8	0.8	1.1
Fourth	2.5	2.5	66,300	28.8	14.1	12.4	1.4	0.9
Highest	1.5	1.5	201,000	32.2	19.5	5.8	6.5	0.4
All Quintiles	32.1	32.1	33,100	26.8	12.6	10.5	2.5	1.2

SOURCE: Congressional Budget Office.

NOTE: Estimates for 1999 are based on 1995 data projected using CBO's January 1998 economic forecast. Individuals and families with negative income are excluded from the lowest quintile but are included in the "All Quintiles" category.

a. Less than 0.05 percent in absolute value.

TABLE 12. PERCENTAGE OF TAXES BY QUINTILES OF CASH INCOME AND FAMILY TYPE,
PROJECTIONS FOR 1999

Cash Income	Individuals and Families	People	Pretax Income	Taxes				
				Total	Individual Income	Social Insurance	Corporate Income	Excise
All Individuals and Families								
Lowest	25	19	4	1	-1	4	1	13
Second	23	20	11	7	3	11	6	18
Middle	19	20	16	13	10	18	7	19
Fourth	16	20	20	19	16	26	10	20
Highest	15	20	49	59	72	41	76	28
All Quintiles	100	100	100	100	100	100	100	100
Top Quintile (Percent)								
Top 10	8	10	35	45	58	24	67	16
Top 5	4	5	26	35	47	14	60	9
Top 1	1	1	14	19	28	4	40	4
81 to 90	8	10	14	15	14	17	8	12
91 to 95	4	5	9	10	11	10	7	7
96 to 99	3	4	13	15	20	10	20	4
Families with Children Under 18								
Two or More Adults								
Lowest	10	10	1	a	-2	1	a	5
Second	17	17	6	3	-2	7	1	11
Middle	22	22	13	9	4	16	2	19
Fourth	26	26	23	20	14	29	5	26
Highest	25	25	58	68	86	47	92	38
All Quintiles	100	100	100	100	100	100	100	100
One Adult								
Lowest	49	52	17	-4	-87	14	3	31
Second	27	26	26	17	-30	30	7	28
Middle	14	13	23	29	44	28	12	21
Fourth	5	5	14	21	43	17	13	10
Highest	2	2	20	36	129	11	64	7
All Quintiles	100	100	100	100	100	100	100	100

(Continued)

TABLE 12. CONTINUED

Cash Income	Individuals and Families	People	Pretax Income	Taxes				
				Total	Individual Income	Social Insurance	Corporate Income	Excise
Individuals and Families with No Children Under 18								
Head Age 65 or Older								
Lowest	34	26	8	2	a	2	2	17
Second	29	29	17	8	4	9	11	27
Middle	16	19	16	12	10	17	12	19
Fourth	10	13	16	16	17	22	14	15
Highest	10	12	43	62	69	50	62	21
All Quintiles	100	100	100	100	100	100	100	100
Other Families								
Lowest	8	8	1	1	a	1	1	4
Second	15	14	5	3	1	6	2	10
Middle	22	21	13	11	8	15	5	19
Fourth	25	25	23	21	17	27	10	25
Highest	29	31	58	64	74	52	82	39
All Quintiles	100	100	100	100	100	100	100	100
Other Individuals								
Lowest	37	37	10	7	2	10	3	28
Second	29	29	23	20	15	27	6	29
Middle	18	18	23	23	21	28	8	21
Fourth	8	8	16	17	18	19	9	12
Highest	5	5	28	34	44	16	74	9
All Quintiles	100	100	100	100	100	100	100	100

SOURCE: Congressional Budget Office.

NOTE: Estimates for 1999 are based on 1995 data projected using CBO's January 1998 economic forecast. Individuals and families with negative income are excluded from the lowest quintile but are included in the "All Quintiles" category.

a. Less than 0.5 percent in absolute value.

TABLE 13. PERCENTAGE OF INDIVIDUALS AND FAMILIES WHOSE PAYROLL TAXES EXCEED THEIR INCOME TAXES, BY QUINTILES OF CASH INCOME, 1995 AND 1999

Cash Income	Individuals and Families Who Pay Income or Payroll Tax		Individuals and Families Who Pay Some Payroll Tax	
	Employee Share Only	Employee and Employer Share	Employee Share Only	Employee and Employer Share
1995				
Lowest	92	97	93	99
Second	48	82	55	95
Middle	31	77	35	85
Fourth	16	72	17	78
Highest	5	37	6	39
All Quintiles	38	73	41	80
Projections for 1999				
Lowest	92	97	94	99
Second	48	82	56	95
Middle	37	77	42	87
Fourth	27	73	29	79
Highest	7	38	7	40
All Quintiles	42	74	45	80

SOURCE: Congressional Budget Office.

NOTES: Payroll taxes include those for Social Security (Old-Age, Survivors, and Disability Insurance) and Medicare (Hospital Insurance).

Estimates for 1999 are based on 1995 data projected using CBO's January 1998 economic forecast. Individuals and families with negative income are excluded from the lowest quintile but are included in the "All Quintiles" category.

TABLE 14. MAXIMUM CASH INCOME FOR INDIVIDUALS AND FAMILIES BY
INCOME PERCENTILE, 1995 AND 1999

Income Percentile	Maximum Cash Income (Dollars)	
	1995	1999 (Projected)
Lowest Quintile	15,280	17,830
Second Quintile	30,110	35,320
Middle Quintile	46,540	54,900
Fourth Quintile	71,510	84,760
Top Quintile		
(Percent)		
81 to 90	96,440	115,250
91 to 95	128,960	156,680
96 to 99	287,750	385,000

SOURCE: Congressional Budget Office.

NOTE: Estimates for 1999 are based on 1995 data projected using CBO's January 1998 economic forecast.

APPENDIX: DATA ON ADJUSTED FAMILY INCOME

Tables A-1 through A-5 rank families and individuals by adjusted family income (AFI). Adjusted family income is cash income divided by the relevant poverty threshold. Using AFI ranks families using the equivalence scale that underlies official government estimates of the poverty threshold for families of different sizes.

Family needs and ability to pay differ widely, depending on factors such as the family's size, composition, health, and geographic location. But it would be a daunting task to develop a metric capable of adjusting for the effects of all of those factors on the level of economic well-being. Families with young children may need more or less income than families of the same size with only adult members. Families with many children incur higher housing and food costs than those with fewer children, but it is arguable whether their well-being is thereby reduced, since children bring satisfactions that may compensate. Families living in high-cost areas require more cash income to buy a given bundle of goods and services than similar families living in areas where prices are lower. Families with two working parents may have more cash income than families in which only one parent works, but they also have less time for child care, food preparation, and other activities in the home and consequently are likely to incur higher monetary costs to obtain such services. A limited measure of income equivalence that adjusts only for differences in family size is provided here. Some observers may disagree with the rankings that result from this scaling procedure.

This analysis uses the equivalence scale implied by the federal poverty thresholds to calculate adjusted family income. Although it may not accurately assess differential needs, AFI is used as a representative measure that falls between the extremes of unadjusted and per capita family income. Underlying the measure is a simplified set of poverty thresholds, based on the official Bureau of the Census thresholds, that vary only with family size and not with the age of the head of the family or the number of children in the family. Thresholds have been adjusted for inflation since 1967 using a consumer price index that has been modified to use the current treatment of housing costs for the whole period (CPI-X1).

An important question is whether equivalence scales should be the same for all income levels. While a poor family of four might require twice the income of a single person to be equally well (or poorly) off, high-income families might need larger or smaller multiples of income to attain equivalence as family size increases. For example, economies of scale in housing may be greater for poor families than for wealthier families, so equivalence factors may increase as income rises. The alternative adjustments used here do not change with income and therefore may not accurately assess the relative needs of different-sized families at all income levels.

Tables A-1 through A-5 repeat the information in Tables 9 through 13 except that families are grouped into quintiles using AFI rather than cash income.

Table A-6 shows the income cutoffs for each quintile and for income groups within the highest quintile. The maximum adjusted family income for a quintile is the same for all families and individuals. For example, the projected starting point for the middle income quintile in 1995 is family income of about two and one-half times the appropriate poverty threshold. Because poverty thresholds differ by family size, the dollar range for each quintile varies by family size. Based on poverty thresholds for 1995, a family of four with income of more than \$36,700 but less than \$55,600 would fall in the middle quintile; a single person with income between \$18,300 and \$27,700 would also be in that quintile.

TABLE A-1. EFFECTIVE TAX RATES BY QUINTILES OF ADJUSTED FAMILY INCOME AND FAMILY TYPE, 1995

Adjusted Family Income	Individuals and Families (Millions)	People (Millions)	Average Pretax Income (Dollars)	Effective Tax Rates (Percent)				
				Total	Individual Income	Social Insurance	Corporate Income	Excise
All Individuals and Families								
Lowest	21.2	48.5	8,070	6.0	-5.6	7.8	0.5	3.3
Second	21.8	51.8	20,100	14.6	1.8	9.9	1.0	2.0
Middle	21.2	51.7	33,300	19.7	6.1	10.7	1.3	1.5
Fourth	21.2	51.8	49,600	22.5	8.7	11.2	1.5	1.2
Highest	22.2	51.8	120,000	29.6	16.2	7.9	4.9	0.7
All Quintiles	109.6	258.8	45,700	24.7	11.3	9.2	3.2	1.1
Top Quintile (Percent)								
Top 10	11.3	25.9	168,000	31.3	18.2	6.6	6.0	0.5
Top 5	5.6	13.0	244,000	33.0	20.0	5.2	7.4	0.4
Top 1	1.0	2.6	660,000	36.5	23.4	2.8	10.0	0.3
81 to 90	11.0	25.9	69,700	25.3	11.4	11.0	1.9	1.0
91 to 95	5.7	12.9	93,200	27.1	13.5	10.3	2.6	0.9
96 to 99	4.6	10.4	149,000	29.4	16.5	7.6	4.8	0.5
Families with Children Under 18								
Two or More Adults								
Lowest	4.3	20.1	13,100	4.6	-9.7	11.2	0.4	2.8
Second	6.1	27.2	30,100	16.8	2.0	12.7	0.3	1.7
Middle	6.6	27.8	47,000	21.5	6.7	13.1	0.5	1.3
Fourth	6.5	25.8	67,200	23.7	9.0	12.9	0.7	1.1
Highest	5.2	19.6	168,000	30.7	17.6	7.9	4.5	0.6
All Quintiles	28.8	121.1	64,100	25.5	11.4	10.6	2.4	1.0
One Adult								
Lowest	4.1	12.7	7,920	-0.6	-11.3	7.6	0.1	3.0
Second	1.9	4.9	19,900	9.8	-3.8	11.3	0.5	1.8
Middle	1.2	3.0	31,900	19.4	5.3	11.9	0.6	1.6
Fourth	0.7	1.6	46,200	22.5	8.3	12.0	0.8	1.3
Highest	0.3	0.7	128,000	29.1	17.8	7.2	3.5	0.7
All Quintiles	8.4	23.4	21,400	16.7	3.8	10.0	1.2	1.7

(Continued)

TABLE A-1. CONTINUED

Adjusted Family Income	Individuals and Families (Millions)	People (Millions)	Average Pretax Income (Dollars)	Effective Tax Rates (Percent)				
				Total	Individual Income	Social Insurance	Corporate Income	Excise
Individuals and Families with No Children Under 18								
Head Age 65 or Older								
Lowest	4.6	5.8	7,370	3.5	a	0.5	0.8	2.3
Second	5.4	8.3	15,900	6.3	0.4	1.1	2.9	1.9
Middle	4.5	7.5	27,000	10.6	2.4	1.8	5.0	1.5
Fourth	3.5	6.3	41,300	15.4	5.6	2.8	5.9	1.2
Highest	3.7	6.9	117,000	27.9	13.5	2.9	10.9	0.6
All Quintiles	21.9	34.9	37,500	19.9	8.5	2.4	7.9	1.0
Other Families								
Lowest	1.4	3.2	8,460	11.3	-2.5	8.4	1.1	4.4
Second	2.3	5.4	19,800	15.0	1.4	10.5	0.9	2.1
Middle	3.4	7.9	32,400	19.8	6.0	11.4	0.8	1.6
Fourth	5.6	13.2	48,500	22.6	8.6	11.9	0.9	1.3
Highest	8.7	20.2	110,000	28.3	15.2	9.7	2.7	0.7
All Quintiles	21.5	50.4	64,000	26.2	12.7	10.3	2.1	1.0
Other Individuals								
Lowest	6.8	6.8	5,380	14.3	-0.5	9.4	0.6	4.8
Second	6.0	6.0	13,800	20.6	5.6	11.8	0.7	2.5
Middle	5.5	5.5	22,900	23.7	8.7	12.5	0.6	1.8
Fourth	5.0	5.0	34,200	25.4	10.7	12.7	0.8	1.3
Highest	4.4	4.4	84,400	32.3	18.4	8.9	4.4	0.7
All Quintiles	29.0	29.0	27,000	27.4	12.9	10.7	2.4	1.4

SOURCE: Congressional Budget Office.

NOTE: Individuals and families with negative income are excluded from the lowest quintile but are included in the "All Quintiles" category.

a. Less than 0.05 percent in absolute value.

TABLE A-2. PERCENTAGE OF TAXES BY QUINTILES OF ADJUSTED FAMILY INCOME AND FAMILY TYPE, 1995

Adjusted Family Income	Individuals and Families	People	Pretax Income	Taxes				
				Total	Individual Income	Social Insurance	Corporate Income	Excise
All Individuals and Families								
Lowest	19	19	3	1	-2	3	1	10
Second	20	20	9	5	1	9	3	15
Middle	19	20	14	11	8	16	6	19
Fourth	19	20	21	19	16	26	10	22
Highest	20	20	53	64	77	46	81	32
All Quintiles	100	100	100	100	100	100	100	100
Top Quintile (Percent)								
Top 10	10	10	38	48	61	27	72	18
Top 5	5	5	27	36	48	15	63	10
Top 1	1	1	14	20	29	4	43	4
81 to 90	10	10	15	16	15	18	9	14
91 to 95	5	5	11	12	13	12	9	8
96 to 99	4	4	14	16	20	11	20	6
Families with Children Under 18								
Two or More Adults								
Lowest	15	17	3	1	-3	3	a	8
Second	21	22	10	7	2	12	1	17
Middle	23	23	17	14	10	21	3	22
Fourth	23	21	24	22	18	29	7	25
Highest	18	16	47	57	73	35	88	28
All Quintiles	100	100	100	100	100	100	100	100
One Adult								
Lowest	49	54	18	-1	-53	14	2	32
Second	23	21	21	12	-21	24	8	23
Middle	14	13	21	24	29	25	10	20
Fourth	8	7	17	23	37	20	12	14
Highest	4	3	23	41	108	17	66	9
All Quintiles	100	100	100	100	100	100	100	100

(Continued)

TABLE A-2. CONTINUED

Adjusted Family Income	Individuals and Families	People	Pretax Income	Taxes				
				Total	Individual Income	Social Insurance	Corporate Income	Excise
Individuals and Families with No Children Under 18								
Head Age 65 or Older								
Lowest	21	16	4	1	a	1	a	9
Second	25	24	11	3	a	5	4	19
Middle	20	22	15	8	4	11	9	21
Fourth	16	18	18	14	12	21	13	20
Highest	17	20	53	74	84	63	73	31
All Quintiles	100	100	100	100	100	100	100	100
Other Families								
Lowest	7	6	1	a	a	1	a	4
Second	11	11	3	2	a	3	1	7
Middle	16	16	8	6	4	9	3	12
Fourth	26	26	20	17	13	22	8	24
Highest	40	40	69	75	83	65	87	50
All Quintiles	100	100	100	100	100	100	100	100
Other Individuals								
Lowest	24	24	5	2	a	4	1	16
Second	21	21	11	8	5	12	3	19
Middle	19	19	16	14	11	19	4	20
Fourth	17	17	22	20	18	26	7	20
Highest	15	15	47	55	67	39	85	24
All Quintiles	100	100	100	100	100	100	100	100

SOURCE: Congressional Budget Office.

NOTE: Individuals and families with negative income are excluded from the lowest quintile but are included in the "All Quintiles" category.

a. Less than 0.5 percent in absolute value.

TABLE A-3. EFFECTIVE TAX RATES BY QUINTILES OF ADJUSTED FAMILY INCOME AND FAMILY TYPE, PROJECTIONS FOR 1999

Adjusted Family Income	Individuals and Families (Millions)	People (Millions)	Average Pretax Income (Dollars)	Effective Tax Rates (Percent)				
				Total	Individual Income	Social Insurance	Corporate Income	Excise
All Individuals and Families								
Lowest	22.7	51.3	9,250	4.6	-6.8	7.9	0.5	2.9
Second	23.3	54.6	23,400	13.7	0.9	10.0	1.0	1.8
Middle	22.5	54.5	39,100	18.9	5.4	10.8	1.3	1.3
Fourth	22.6	54.5	58,500	22.2	8.4	11.4	1.3	1.1
Highest	23.6	54.5	146,000	29.1	16.1	7.7	4.6	0.6
All Quintiles	116.8	272.7	54,700	24.2	11.1	9.2	3.0	1.0
Top Quintile (Percent)								
Top 10	11.9	27.3	208,000	30.6	18.0	6.4	5.7	0.5
Top 5	5.9	13.7	305,000	31.8	19.6	5.0	6.8	0.4
Top 1	1.2	2.7	794,000	34.4	22.2	2.7	9.2	0.3
81 to 90	11.7	27.3	83,000	25.2	11.4	11.1	1.8	0.9
91 to 95	6.0	13.6	112,000	27.2	13.7	10.3	2.5	0.8
96 to 99	4.8	10.9	185,000	29.0	16.8	7.4	4.3	0.5
Families with Children Under 18								
Two or More Adults								
Lowest	4.4	20.9	15,200	2.0	-12.1	11.3	0.3	2.5
Second	6.3	27.8	35,500	14.7	a	12.8	0.3	1.5
Middle	6.8	28.6	55,500	19.9	5.1	13.2	0.5	1.2
Fourth	6.7	26.5	79,800	22.8	8.1	13.1	0.6	1.0
Highest	5.3	20.2	209,000	30.6	18.2	7.7	4.2	0.6
All Quintiles	29.6	124.5	77,600	24.8	11.1	10.5	2.3	0.9
One Adult								
Lowest	4.3	13.1	8,870	-3.6	-14.6	8.2	0.2	2.7
Second	2.1	5.3	23,500	8.4	-5.2	11.6	0.4	1.6
Middle	1.3	3.2	37,600	18.3	4.2	12.0	0.6	1.4
Fourth	0.7	1.7	55,000	21.9	7.6	12.3	0.9	1.2
Highest	0.3	0.8	159,000	28.0	17.1	7.0	3.4	0.6
All Quintiles	8.9	24.7	25,700	15.7	2.8	10.2	1.2	1.5

(Continued)

TABLE A-3. CONTINUED

Adjusted Family Income	Individuals and Families (Millions)	People (Millions)	Average Pretax Income (Dollars)	Effective Tax Rates (Percent)				
				Total	Individual Income	Social Insurance	Corporate Income	Excise
Individuals and Families with No Children Under 18 Head Age 65 or Older								
Lowest	4.9	6.2	8,550	3.3	-0.1	0.5	0.9	2.1
Second	5.7	8.7	18,800	6.5	0.5	1.3	3.1	1.7
Middle	4.6	7.8	31,900	10.6	2.5	1.8	4.9	1.3
Fourth	3.4	6.2	49,200	16.0	6.5	3.0	5.5	1.1
Highest	3.7	6.8	143,000	26.9	13.1	2.9	10.3	0.5
All Quintiles	22.5	35.9	44,100	19.5	8.5	2.5	7.5	0.9
Other Families								
Lowest	1.6	3.6	9,840	10.6	-2.7	8.3	1.0	4.0
Second	2.6	6.0	23,200	14.8	1.5	10.6	0.9	1.9
Middle	3.8	8.9	38,300	19.5	5.8	11.4	0.9	1.4
Fourth	6.1	14.5	57,600	22.3	8.3	12.0	0.8	1.1
Highest	9.3	21.8	133,000	27.9	15.1	9.5	2.6	0.7
All Quintiles	23.6	55.3	76,400	25.8	12.6	10.3	2.0	0.9
Other Individuals								
Lowest	7.5	7.5	6,280	14.1	-0.3	9.5	0.6	4.2
Second	6.7	6.7	16,300	20.4	5.6	11.8	0.8	2.2
Middle	6.1	6.1	27,000	23.5	8.7	12.6	0.5	1.5
Fourth	5.6	5.6	40,500	25.6	10.9	12.8	0.8	1.2
Highest	4.9	4.9	105,000	30.7	17.2	8.6	4.3	0.6
All Quintiles	32.1	32.1	33,100	26.8	12.6	10.5	2.5	1.2

SOURCE: Congressional Budget Office.

NOTE: Estimates for 1999 are based on 1995 data projected using CBO's January 1998 economic forecast. Individuals and families with negative income are excluded from the lowest quintile but are included in the "All Quintiles" category.

a. Less than 0.05 percent in absolute value.

TABLE A-4. PERCENTAGE OF TAXES BY QUINTILES OF ADJUSTED FAMILY INCOME AND FAMILY TYPE, PROJECTIONS FOR 1999

Adjusted Family Income	Individuals and Families	People	Pretax Income	Taxes				
				Total	Individual Income	Social Insurance	Corporate Income	Excise
All Individuals and Families								
Lowest	19	19	3	1	-2	3	1	10
Second	20	20	9	5	1	9	3	15
Middle	19	20	14	11	7	16	6	18
Fourth	19	20	21	19	16	26	9	22
Highest	20	20	54	65	79	46	81	33
All Quintiles	100	100	100	100	100	100	100	100
Top Quintile (Percent)								
Top 10	10	10	39	49	63	27	73	19
Top 5	5	5	28	37	50	15	64	11
Top 1	1	1	15	21	29	4	44	5
81 to 90	10	10	15	16	16	18	9	14
91 to 95	5	5	10	12	13	12	9	8
96 to 99	4	4	14	17	21	11	20	6
Families with Children Under 18								
Two or More Adults								
Lowest	15	17	3	a	-3	3	a	8
Second	21	22	10	6	a	12	1	16
Middle	23	23	16	13	8	21	3	21
Fourth	23	21	23	21	17	29	7	25
Highest	18	16	48	59	79	35	88	29
All Quintiles	100	100	100	100	100	100	100	100
One Adult								
Lowest	48	53	17	-4	-86	13	2	30
Second	23	22	21	11	-39	24	6	23
Middle	14	13	21	24	31	25	11	20
Fourth	8	7	18	24	47	21	13	14
Highest	4	3	24	43	147	17	67	9
All Quintiles	100	100	100	100	100	100	100	100

(Continued)

TABLE A-4. CONTINUED

Adjusted Family Income	Individuals and Families	People	Pretax Income	Taxes				
				Total	Individual Income	Social Insurance	Corporate Income	Excise
Individuals and Families with No Children Under 18								
Head Age 65 or Older								
Lowest	22	17	4	1	a	1	a	9
Second	25	24	11	4	1	5	4	20
Middle	20	22	15	8	4	11	10	21
Fourth	15	17	17	14	13	21	12	19
Highest	16	19	53	74	82	62	73	31
All Quintiles	100	100	100	100	100	100	100	100
Other Families								
Lowest	7	7	1	a	a	1	a	4
Second	11	11	3	2	a	3	1	7
Middle	16	16	8	6	4	9	3	12
Fourth	26	26	20	17	13	23	8	24
Highest	40	39	69	75	83	64	87	50
All Quintiles	100	100	100	100	100	100	100	100
Other Individuals								
Lowest	23	23	4	2	a	4	1	15
Second	21	21	10	8	5	12	3	19
Middle	19	19	15	14	11	19	3	20
Fourth	18	18	22	21	19	26	7	20
Highest	15	15	48	56	66	40	85	25
All Quintiles	100	100	100	100	100	100	100	100

SOURCE: Congressional Budget Office.

NOTE: Estimates for 1999 are based on 1995 data projected using CBO's January 1998 economic forecast. Individuals and families with negative income are excluded from the lowest quintile but are included in the "All Quintiles" category.

a. Less than 0.5 percent in absolute value.

TABLE A-5. PERCENTAGE OF INDIVIDUALS AND FAMILIES WHOSE PAYROLL TAXES EXCEED THEIR INCOME TAXES, BY QUINTILES OF ADJUSTED FAMILY INCOME, 1995 AND 1999

Adjusted Family Income	Individuals and Families Who Pay Income or Payroll Tax		Individuals and Families Who Pay Some Payroll Tax	
	Employee Share Only	Employee and Employer Share	Employee Share Only	Employee and Employer Share
1995				
Lowest	99	99	99	100
Second	76	92	80	97
Middle	33	81	37	92
Fourth	11	75	13	85
Highest	4	36	4	39
All Quintiles	38	73	41	80
Projections for 1999				
Lowest	99	99	99	100
Second	73	92	81	98
Middle	43	81	50	93
Fourth	17	77	19	86
Highest	4	35	4	39
All Quintiles	42	74	45	80

SOURCE: Congressional Budget Office.

NOTES: Payroll taxes include those for Social Security (Old-Age, Survivors, and Disability Insurance) and Medicare (Hospital Insurance).

Estimates for 1999 are based on 1995 data projected using CBO's January 1998 economic forecast. Individuals and families with negative income are excluded from the lowest quintile but are included in the "All Quintiles" category.

TABLE A-6. MAXIMUM INCOME BY INCOME PERCENTILE AND FAMILY SIZE, 1995 AND 1999

Income Percentile	Maximum Adjusted Family Income ^a	Maximum Cash Income (Dollars) by Family Size								
		1	2	3	4	5	6	7	8	9
1995										
Lowest Quintile	1.37	9,750	12,450	15,250	19,600	23,150	26,150	29,600	32,950	39,350
Second Quintile	2.56	18,300	23,400	28,650	36,700	43,400	49,000	55,500	61,750	73,800
Middle Quintile	3.89	27,700	35,450	43,350	55,600	65,750	74,250	84,050	93,550	111,800
Fourth Quintile	5.92	42,200	54,000	66,100	84,800	100,250	113,200	128,200	142,650	170,450
Top Quintile (Percent)										
81 to 90	8.24	58,700	75,100	91,900	117,850	139,400	157,350	178,200	198,300	236,950
91 to 95	11.04	78,650	100,650	123,200	158,000	186,850	210,900	238,850	265,850	317,600
96 to 99	25.78	183,700	235,050	287,700	368,900	436,300	492,500	557,700	620,750	741,600
Projections for 1999										
Lowest Quintile	1.45	11,400	14,600	17,850	22,900	27,100	30,550	34,600	38,550	46,050
Second Quintile	2.74	21,550	27,600	33,750	43,300	51,200	57,800	65,450	72,800	87,000
Middle Quintile	4.16	32,800	41,950	51,350	65,850	77,850	87,900	99,500	110,750	132,350
Fourth Quintile	6.40	50,400	64,500	78,900	101,200	119,700	135,100	153,000	170,300	203,450
Top Quintile (Percent)										
81 to 90	8.92	70,250	89,900	110,050	141,100	166,850	188,350	213,300	237,400	283,650
91 to 95	12.06	94,950	121,500	148,700	190,700	225,500	254,550	288,300	320,900	383,350
96 to 99	28.51	224,450	287,250	351,600	450,800	533,150	601,800	681,550	758,550	906,200
Memorandum:										
Poverty Threshold										
1995		7,125	9,118	11,160	14,310	16,924	19,104	21,634	24,079	28,767
1999 (Projected) ^b		7,873	10,075	12,332	15,812	18,700	21,109	23,905	26,607	31,786

SOURCE: Congressional Budget Office.

NOTE: Estimates for 1999 are based on 1995 data projected using CBO's January 1998 economic forecast.

a. Adjusted family income is the ratio of cash income to the relevant poverty threshold.

b. Projected poverty thresholds for 1999 are based on CBO's January 1998 forecast for the consumer price index for all urban consumers.